From:	Nancy Murray
To:	Rep.PhilBarnhart@state.or.us; Rep.CliffBentz@state.or.us; rep.barbarasmithwarner@state.or.us; Rep Buehler; Rep Hernandez; Rep.MarkJohnson@state.or.us; Rep Marsh; Rep.RobNosse@state.or.us; Rep Smith G
Cc:	LRO
Subject:	SB 181A
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Dear Members of the Oregon House Revenue Committee:

I respectfully urge you to vote no on SB 181A in its current form. As drafted, the bill creates confusion in its apparent attempt to shift the burden for understanding and applying Oregon law from tax assessors to nonprofit entities and runs contrary to long-standing Oregon policy supporting community-based nonprofit entities. Oregon real property tax law is generally construed to disfavor tax exemption, which makes the potential traps created by the bill in its current form all the more concerning.

As a lawyer in private practice in Oregon for small and medium-sized nonprofit corporations, most in rural areas of our state, I see first-hand how financially strapped many Oregon nonprofits are. My clients include community development organizations, nonprofit affordable housing developers, conservation land trusts and other nonprofit entities. Many nonprofits provide public services and thus further government policy. Despite providing such services, however, government support has shrunk over time, forcing nonprofits to stretch and adapt their operations again and again. Many nonprofits are volunteer-run, and most have volunteer boards. In my experience, board members, volunteers and employees of nonprofits are exceptionally dedicated to providing services to their communities despite low salaries and chronic underfunding.

Such community benefits have long justified exemptions from real property taxation in Oregon.

SB 181 puts our nonprofit communities on the defensive. As currently written, SB 181 would require nonprofits to be much more fluent in Oregon real property taxation statutes, rules and case law than is reasonable to expect of volunteer-run organizations. In some cases, the information required may exceed that which the assessors themselves understand or know. For example, Section 1(3)(a)(A) would require the annual return to state "the basis for the reporting institution's claim to have charity as its primary object." Such statement requires a legal conclusion as to what "charity" means. What a layperson believes is charitable is not necessarily what the IRS considers charitable or what Oregon law considers to be charitable.

In addition, the reference above to "charity" creates an ambiguity as to activities and uses of property owned by "literary, benevolent or scientific" institutions, which are also identified as reporting institutions in Section 1(1)(a). Are the uses by such institutions intended to be excluded from the statute?

Likewise, Sections 1(3)(a)(D)(i) through (iii) impose reporting requirements that call for legal conclusions and appear to limit the tax exemptions to a charitable goal or "object." The question arises again as to the definition and legal parsing of what a charitable use is and what it is not. In addition, nonprofits would be required to track, on a daily basis, what their properties are used for and whether the uses are "unrelated

to [their] charitable object." This requirement is a nearly impossible burden to place on the average nonprofit entity.

If this legislation is to proceed, **please consider adding that the law is to be construed to favor a nonprofit's statement of use and providing a "rebuttable presumption" in favor of the nonprofit's statement of use.** This will aid all parties, including the courts, in interpreting the law and will also honor the unique and valuable role nonprofits play in the daily lives of Oregonians all over the state.

Thank you for considering these comments.

Sincerely,

Nancy B. Murray

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